



Claire McCaskill

Missouri State Auditor

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September 2005

Crawford County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of  
Missouri State Auditor Of  
Claire McCaskill

September 2005

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Crawford, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.**

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This audit of Crawford County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- While the county is optimistic regarding the future financial condition of the General Revenue Fund, officials need to ensure they closely monitor the financial activity of both the General Revenue Fund and the County Jail Project Fund. The passage of a one-half of one percent sales tax in April 2001 has provided additional funding for the construction and operation of a new county jail, and the General Revenue Fund has not had to subsidize jail operations as much as initially planned. As a result, monies have been available in the General Revenue Fund to decrease the county's outstanding debt. However, while the General Revenue Fund's cash balance increased to \$181,126 at December 31, 2004, tax anticipation notes totaling \$162,437 were still payable at December 31, 2004. In addition, jail operations for 2004 exceeded budgeted amounts by \$74,504 indicating that while the General Revenue Fund may have additional monies available at the present time, the new jail is also costing more than estimated.
- Discrepancies totaling \$1,304 were noted in the County Clerk's office between receipts and amounts transmitted to the County Treasurer. Receipt slips are not obtained from the County Treasurer when transmitting monies, a reconciliation between receipt slips written and amounts recorded in the receipt ledger is not performed, receipt slips were not issued for some monies received, some receipt slips were not posted to the receipts ledger, and monies were not transmitted to the County Treasurer intact. Receipts are not transmitted to the County Treasurer in a timely manner, checks are not restrictively endorsed immediately upon receipt, and no inventory records are maintained for plat books.
- Professional appraisals were not obtained prior to real estate purchases, bids were not always solicited or advertised, and adequate documentation was not always obtained and reviewed.

(over)

YELLOW SHEET

- Missing monies were noted or detected in the Circuit Clerk's office, the County Collector's office, and the Senate Bill 40 Board. The county or board has worked with law enforcement authorities regarding any criminal prosecution and restitution of the missing monies.
- The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds.
- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). Total federal expenditures were both understated and overstated for the years ended December 31, 2004 and 2003, respectively, as several federal grants were reported incorrectly or not included on the schedules. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.
- Tax anticipation notes are not being repaid within one year of issuance. The county has not had the funds to completely pay off the tax anticipation notes in one year, rather, the notes have just been extended for longer time periods.
- General revenue property tax revenues have not been sufficiently reduced by 50 percent of sales tax revenues and as a result, reductions will need to be made in future years to the property tax levy to adjust for the \$18,620 excess property taxes collected in prior years. While estimates have helped reduce the excess, calculations based on actual amounts are not performed.
- No procedures are performed by the Sheriff's office to follow up on outstanding checks, or to monitor and follow up on past due paper service fees. In addition, for the commissary account, accounting duties are not adequately segregated, the method of payment is not identified on all receipt slips, receipts are not deposited in a timely manner, bank reconciliations are not adequate, monthly listings of open items are not prepared, and checks have been outstanding for a considerable time.
- Actual disbursements of the Emergency 911 Board exceeded budgeted amounts, financial statements were not published, written authorization was not maintained to support the current position and pay for employees, and capital asset records were not maintained.

Also included in the audit were recommendations related to county expenditures, budgetary practices and financial statements, officials' salaries, bonding, payroll procedures, and general capital assets and vehicles. The audit also suggested improvements in the controls and procedures of the Prosecuting Attorney, Nursing Service, and Senior Citizens' Services Board.

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CRAWFORD COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports: .....	2-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4	
Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6	
Financial Statements: .....	7-18	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2004 .....	8
A-2	Year Ended December 31, 2003 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2004 and 2003 .....	10-18
Notes to the Financial Statements .....	19-23	
Supplementary Schedule: .....	24-26	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2004 and 2003 .....	25-26	
Notes to the Supplementary Schedule .....	27-29	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report: .....	31-33	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	32-33	
Schedule: .....	34-38	
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2004 and 2003 .....	35-38	

CRAWFORD COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Section I - Summary of Auditor's Results.....	35
Section II - Financial Statement Findings.....	36
<u>Number</u>	<u>Description</u>
04-1.	Overspending Budgets .....36
Section III - Federal Award Findings and Questioned Costs.....	37
04-2.	Schedule of Expenditures of Federal Awards.....37
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	39-40
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	41-42
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	44-77
1.	Financial Condition and Tax Anticipation Notes .....46
2.	County Expenditures.....48
3.	Budgetary Practices and Financial Statements.....50
4.	Property Tax Reduction Due to Sales Tax.....52
5.	Officials' Salaries, Bonding, and Payroll Procedures.....54
6.	General Capital Assets and Vehicle Procedures.....57
7.	County Clerk's Accounting Controls and Procedures.....60
8.	Prosecuting Attorney's Accounting Controls and Procedures .....63
9.	Sheriff's Accounting Controls and Procedures .....66
10.	Sheriff's Commissary Accounting Controls and Procedures .....67
11.	Nursing Service's Accounting Controls and Procedures.....70
12.	Emergency 911 Board's Accounting Controls and Procedures.....71
13.	Senior Citizens' Services Board's Accounting Controls and Procedures...74
14.	Circuit Clerk's Missing Monies .....75
15.	County Collector's Missing Monies.....76
16.	Senate Bill 40 Board's Missing Monies .....76
Follow-Up on Prior Audit Findings.....	78-86

CRAWFORD COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/>	
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	88-91

FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Crawford County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crawford County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years then ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 9, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Crawford County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill  
State Auditor

June 9, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Keri Wright
	Cindy Hentges
	Angela Shelby
	James Samek



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Crawford County, Missouri

We have audited the financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Crawford County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-1, to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Crawford County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Crawford County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

June 9, 2005 (fieldwork completion date)

## Financial Statements

Exhibit A-1

CRAWFORD COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 51,975	2,458,148	2,328,997	181,126
Special Road and Bridge	950,885	2,017,519	1,882,108	1,086,296
Assessment	50,107	188,556	180,414	58,249
Children's Trust	665	981	1,000	646
Family Access	1,134	0	0	1,134
Records Preservation	11,816	15,367	9,836	17,347
Law Enforcement Training	10,356	6,712	6,294	10,774
Prosecuting Attorney Bad Check	8,129	20,676	30,463	(1,658)
Prosecuting Attorney Training	970	1,131	1,315	786
Prosecuting Attorney Delinquent Tax	1,471	1,112	778	1,805
Courthouse and Jail Capital Improvement	305,187	177,812	246,729	236,270
Law Enforcement Equipment	8,995	34,450	22,016	21,429
Special Law Enforcement	6	0	0	6
ADA Capital Improvement	60,757	3,723	1,984	62,496
Sheriff's Special	23,543	48,721	44,039	28,225
County Jail Project	434,959	1,290,592	1,415,371	310,180
County Jail Bond Project	204	13	0	217
Emergency 911	224,549	415,761	439,995	200,315
Senior Citizens' Services	31,226	97,465	97,225	31,466
Records for Technology	19,893	8,972	14,500	14,365
Election Service	15	15,122	0	15,137
Homeland Security Grant	500	406	906	0
Inmate Security	0	780	0	780
Law Enforcement Restitution	0	5,312	0	5,312
Sheriff's Revolving	0	6,880	69	6,811
CDBG Project 2001-PF-13	0	1,390	1,390	0
Circuit Clerk Interest	1,380	2,004	1,617	1,767
Associate Circuit Interest	10,965	4,070	7,399	7,636
Law Library	27,208	13,947	8,201	32,954
Tax Maintenance	20,499	31,088	20,437	31,150
Total	\$ 2,257,394	6,868,710	6,763,083	2,363,021

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CRAWFORD COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 30,114	2,319,735	2,297,874	51,975
Special Road and Bridge	463,528	2,835,857	2,348,500	950,885
Assessment	43,024	184,355	177,272	50,107
Children's Trust	816	849	1,000	665
Family Access	1,134	0	0	1,134
Records Preservation	16,225	17,308	21,717	11,816
Law Enforcement Training	8,874	6,790	5,308	10,356
Prosecuting Attorney Bad Check	13,515	18,101	23,487	8,129
Prosecuting Attorney Training	2,274	1,131	2,435	970
Prosecuting Attorney Delinquent Tax	1,376	95	0	1,471
Courthouse and Jail Capital Improvement	229,297	137,959	62,069	305,187
Law Enforcement Equipment	5,731	13,320	10,056	8,995
Special Law Enforcement	157	3	154	6
ADA Capital Improvement	67,310	3,785	10,338	60,757
Sheriff's Special	29,360	50,014	55,831	23,543
County Jail Project	298,611	833,262	696,914	434,959
County Jail Bond Project	192	12	0	204
Emergency 911	214,486	412,511	402,448	224,549
Senior Citizens' Services	43,012	93,567	105,353	31,226
Records for Technology	11,712	9,688	1,507	19,893
Election Service	11	4	0	15
Homeland Security Grant	0	1,000	500	500
Handicap	0	438	438	0
Missouri Department of Conservation	7,730	0	7,730	0
CDBG Project 2001-PF-13	0	133,836	133,836	0
Circuit Clerk Interest	4,609	1,578	4,807	1,380
Associate Circuit Interest	9,796	5,894	4,725	10,965
Law Library	21,329	13,307	7,428	27,208
Tax Maintenance	2,364	30,674	12,539	20,499
Total	\$ 1,526,587	7,125,073	6,394,266	2,257,394

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 6,998,467	6,803,239	(195,228)	6,496,531	6,938,784	442,253
DISBURSEMENTS	7,273,591	6,723,970	549,621	6,260,574	6,222,701	37,873
RECEIPTS OVER (UNDER) DISBURSEMENTS	(275,124)	79,269	354,393	235,957	716,083	480,126
CASH, JANUARY 1	2,195,115	2,197,342	2,227	1,480,802	1,480,759	(43)
CASH, DECEMBER 31	1,919,991	2,276,611	356,620	1,716,759	2,196,842	480,083
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	189,000	177,777	(11,223)	221,041	174,049	(46,992)
Sales taxes	921,969	898,232	(23,737)	875,000	888,970	13,970
Intergovernmental	747,413	715,488	(31,925)	621,767	609,596	(12,171)
Charges for service:	606,000	552,120	(53,880)	565,540	554,972	(10,568)
Interest	6,000	12,417	6,417	8,000	5,490	(2,510)
Other	57,857	62,114	4,257	58,314	46,658	(11,656)
Transfers in	40,000	40,000	0	40,000	40,000	0
Total Receipts	2,568,239	2,458,148	(110,091)	2,389,662	2,319,735	(69,927)
DISBURSEMENTS						
County Commissior	94,798	91,256	3,542	90,534	90,155	379
County Clerk	81,598	80,681	917	80,430	79,784	646
Elections	88,171	108,028	(19,857)	52,242	54,767	(2,525)
Buildings and grounds	71,550	74,700	(3,150)	71,536	66,583	4,953
Employee fringe benefit	4,000	3,267	733	9,500	191	9,309
County Treasurer	34,517	33,356	1,161	34,110	33,110	1,000
County Collector	103,469	106,560	(3,091)	103,885	104,709	(824)
Ex Officio Recorder of Deed	52,435	52,376	59	47,868	48,629	(761)
Circuit Clerk	11,150	7,801	3,349	7,000	8,037	(1,037)
Associate Circuit Court	14,813	14,080	733	7,600	10,174	(2,574)
Court administration	9,750	12,036	(2,286)	8,750	6,444	2,306
Public Administrator	43,604	50,169	(6,565)	43,121	43,162	(41)
Sheriff	435,634	409,339	26,295	442,046	438,767	3,279
Jail	0	0	0	450,953	436,697	14,256
Prosecuting Attorney	194,415	193,783	632	199,913	192,736	7,177
Juvenile Offices	50,051	50,791	(740)	50,051	52,159	(2,108)
County Coroner	29,375	39,953	(10,578)	24,557	22,871	1,686
Child support	113,646	120,311	(6,665)	110,679	115,084	(4,405)
Public Defender	4,685	3,996	689	3,190	3,133	57
Court Reporter	825	837	(12)	825	822	3
Public health and welfare service	308,297	304,364	3,933	300,017	308,701	(8,684)
Debt service	54,000	96,780	(42,780)	8,000	3,983	4,017
Administration	179,500	175,533	3,967	154,599	177,176	(22,577)
Transfers out	530,000	299,000	231,000	0	0	0
Emergency Func	76,988	0	76,988	71,000	0	71,000
Total Disbursements	2,587,271	2,328,997	258,274	2,372,406	2,297,874	74,532
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,032)	129,151	148,183	17,256	21,861	4,605
CASH, JANUARY 1	51,975	51,975	0	30,114	30,114	0
CASH, DECEMBER 31	32,943	181,126	148,183	47,370	51,975	4,605

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	460,500	440,843	(19,657)	447,551	423,221	(24,330)
Sales taxes	710,000	701,137	(8,863)	680,000	694,966	14,966
Intergovernmental	772,000	789,828	17,828	1,256,526	1,428,730	172,204
Charges for services	1,810	3,856	2,046	2,000	1,805	(195)
Interest	59,000	72,435	13,435	40,000	62,163	22,163
Other	53,590	8,394	(45,196)	62,780	94,972	32,192
Transfers in	0	1,026	1,026	0	130,000	130,000
<b>Total Receipts</b>	<b>2,056,900</b>	<b>2,017,519</b>	<b>(39,381)</b>	<b>2,488,857</b>	<b>2,835,857</b>	<b>347,000</b>
<b>DISBURSEMENTS</b>						
Salaries	610,000	607,290	2,710	600,000	562,285	37,715
Employee fringe benefit	110,100	96,436	13,664	111,000	91,299	19,701
Supplies	175,000	188,942	(13,942)	165,000	161,863	3,137
Insurance	17,000	17,936	(936)	14,000	15,137	(1,137)
Road and bridge materials	847,000	600,700	246,300	650,000	590,110	59,890
Equipment repairs	60,000	73,372	(13,372)	60,000	60,191	(191)
Rentals	16,000	0	16,000	12,000	10,000	2,000
Equipment purchases	130,000	183,026	(53,026)	410,000	326,387	83,613
Construction, repair, and maintenance	122,000	4,893	117,107	268,000	417,758	(149,758)
Other	196,900	69,513	127,387	198,500	73,470	125,030
Transfers out	40,000	40,000	0	40,000	40,000	0
<b>Total Disbursements</b>	<b>2,324,000</b>	<b>1,882,108</b>	<b>441,892</b>	<b>2,528,500</b>	<b>2,348,500</b>	<b>180,000</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(267,100)</b>	<b>135,411</b>	<b>402,511</b>	<b>(39,643)</b>	<b>487,357</b>	<b>527,000</b>
<b>CASH, JANUARY 1</b>	<b>950,885</b>	<b>950,885</b>	<b>0</b>	<b>463,528</b>	<b>463,528</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>683,785</b>	<b>1,086,296</b>	<b>402,511</b>	<b>423,885</b>	<b>950,885</b>	<b>527,000</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	181,000	183,234	2,234	162,500	178,098	15,598
Charges for services	2,000	0	(2,000)	1,800	1,470	(330)
Interest	5,000	5,322	322	3,500	4,705	1,205
Other	0	0	0	400	82	(318)
<b>Total Receipts</b>	<b>188,000</b>	<b>188,556</b>	<b>556</b>	<b>168,200</b>	<b>184,355</b>	<b>16,155</b>
<b>DISBURSEMENTS</b>						
Assessor	187,655	180,414	7,241	181,023	177,272	3,751
<b>Total Disbursements</b>	<b>187,655</b>	<b>180,414</b>	<b>7,241</b>	<b>181,023</b>	<b>177,272</b>	<b>3,751</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>345</b>	<b>8,142</b>	<b>7,797</b>	<b>(12,823)</b>	<b>7,083</b>	<b>19,906</b>
<b>CASH, JANUARY 1</b>	<b>50,107</b>	<b>50,107</b>	<b>0</b>	<b>43,024</b>	<b>43,024</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>50,452</b>	<b>58,249</b>	<b>7,797</b>	<b>30,201</b>	<b>50,107</b>	<b>19,906</b>

Exhibit B

CRAWFORD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CHILDREN'S TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	800	932	132	1,000	801	(199)
Interest	45	49	4	100	48	(52)
Total Receipts	845	981	136	1,100	849	(251)
<b>DISBURSEMENTS</b>						
Payments to shelter	1,000	1,000	0	1,000	1,000	0
Total Disbursements	1,000	1,000	0	1,000	1,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(155)	(19)	136	100	(151)	(251)
CASH, JANUARY 1	665	665	0	816	816	0
CASH, DECEMBER 31	510	646	136	916	665	(251)
<b><u>FAMILY ACCESS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	1,134	1,134	0	1,134	1,134	0
CASH, DECEMBER 31	1,134	1,134	0	1,134	1,134	0
<b><u>RECORDS PRESERVATION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	17,000	14,518	(2,482)	18,000	16,467	(1,533)
Interest	500	849	349	900	841	(59)
Total Receipts	17,500	15,367	(2,133)	18,900	17,308	(1,592)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	10,750	8,052	2,698	21,826	10,421	11,405
Office expense:	10,000	1,784	8,216	0	11,296	(11,296)
Total Disbursements	20,750	9,836	10,914	21,826	21,717	109
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,250)	5,531	8,781	(2,926)	(4,409)	(1,483)
CASH, JANUARY 1	11,816	11,816	0	16,225	16,225	0
CASH, DECEMBER 31	8,566	17,347	8,781	13,299	11,816	(1,483)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,300	2,230	(70)	0	2,228	2,228
Charges for service:	4,700	4,482	(218)	9,600	4,562	(5,038)
Total Receipts	7,000	6,712	(288)	9,600	6,790	(2,810)
<b>DISBURSEMENTS</b>						
Sheriff	7,300	6,294	1,006	8,000	5,308	2,692
Total Disbursements	7,300	6,294	1,006	8,000	5,308	2,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	418	718	1,600	1,482	(118)
CASH, JANUARY 1	10,356	10,356	0	8,874	8,874	0
CASH, DECEMBER 31	10,056	10,774	718	10,474	10,356	(118)

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>PROSECUTING ATTORNEY BAD CHECK FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	17,500	20,250	2,750	19,000	17,399	(1,601)
Interest	500	426	(74)	300	702	402
Total Receipts	18,000	20,676	2,676	19,300	18,101	(1,199)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	13,500	21,943	(8,443)	10,500	10,847	(347)
Office expense:	4,000	8,520	(4,520)	4,000	12,640	(8,640)
Total Disbursements	17,500	30,463	(12,963)	14,500	23,487	(8,987)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(9,787)	(10,287)	4,800	(5,386)	(10,186)
CASH, JANUARY 1	8,129	8,129	0	13,515	13,515	0
CASH, DECEMBER 31	8,629	(1,658)	(10,287)	18,315	8,129	(10,186)
<b>PROSECUTING ATTORNEY TRAINING FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	2,090	1,131	(959)	1,400	1,122	(278)
Interest	8	0	(8)	0	9	9
Total Receipts	2,098	1,131	(967)	1,400	1,131	(269)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,500	1,315	1,185	1,200	2,435	(1,235)
Total Disbursements	2,500	1,315	1,185	1,200	2,435	(1,235)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(402)	(184)	218	200	(1,304)	(1,504)
CASH, JANUARY 1	970	970	0	2,274	2,274	0
CASH, DECEMBER 31	568	786	218	2,474	970	(1,504)
<b>PROSECUTING ATTORNEY DELINQUENT TAX FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	1,023	1,023	0	9	9
Interest	80	89	9	75	86	11
Total Receipts	80	1,112	1,032	75	95	20
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,000	778	222	1,000	0	1,000
Total Disbursements	1,000	778	222	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(920)	334	1,254	(925)	95	1,020
CASH, JANUARY 1	1,471	1,471	0	1,376	1,376	0
CASH, DECEMBER 31	551	1,805	1,254	451	1,471	1,020

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COURTHOUSE AND JAIL CAPITAL IMPROVEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	125,000	123,730	(1,270)	120,000	122,641	2,641
Intergovernmental	0	16,480	16,480	0	0	0
Interest	10,000	17,552	7,552	10,000	15,318	5,318
Other	0	20,050	20,050	0	0	0
Total Receipts	135,000	177,812	42,812	130,000	137,959	7,959
<b>DISBURSEMENTS</b>						
Buildings and grounds	42,000	71,003	(29,003)	96,000	18,772	77,228
Real estate purchase	45,000	107,627	(62,627)	0	0	0
Equipment	20,000	66,524	(46,524)	30,000	9,234	20,766
Computer expense	35,000	1,575	33,425	0	16,081	(16,081)
Other	20,000	0	20,000	25,000	17,982	7,018
Total Disbursements	162,000	246,729	(84,729)	151,000	62,069	88,931
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,000)	(68,917)	(41,917)	(21,000)	75,890	96,890
CASH, JANUARY 1	305,187	305,187	0	229,297	229,297	0
CASH, DECEMBER 31	278,187	236,270	(41,917)	208,297	305,187	96,890
<b><u>LAW ENFORCEMENT EQUIPMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	8,757	8,757	0	0	0
Charges for service:	2,000	0	(2,000)	0	0	0
Other	14,700	25,693	10,993	11,900	13,320	1,420
Total Receipts	16,700	34,450	17,750	11,900	13,320	1,420
<b>DISBURSEMENTS</b>						
Sheriff	14,000	22,016	(8,016)	16,000	10,056	5,944
Total Disbursements	14,000	22,016	(8,016)	16,000	10,056	5,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,700	12,434	9,734	(4,100)	3,264	7,364
CASH, JANUARY 1	8,995	8,995	0	5,731	5,731	0
CASH, DECEMBER 31	11,695	21,429	9,734	1,631	8,995	7,364
<b><u>SPECIAL LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	0	0	0	350	0	(350)
Interest	0	0	0	150	3	(147)
Total Receipts	0	0	0	500	3	(497)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	0	0	0	0	154	(154)
Office expenses	0	0	0	500	0	500
Total Disbursements	0	0	0	500	154	346
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(151)	(151)
CASH, JANUARY 1	6	6	0	157	157	0
CASH, DECEMBER 31	6	6	0	157	6	(151)

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ADA CAPITAL IMPROVEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Interest	3,800	3,723	(77)	3,000	3,785	785
Total Receipts	3,800	3,723	(77)	3,000	3,785	785
<b>DISBURSEMENTS</b>						
Buildings and grounds	10,000	1,984	8,016	15,000	10,338	4,662
Total Disbursements	10,000	1,984	8,016	15,000	10,338	4,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	1,739	7,939	(12,000)	(6,553)	5,447
CASH, JANUARY 1	60,757	60,757	0	67,310	67,310	0
CASH, DECEMBER 31	54,557	62,496	7,939	55,310	60,757	5,447
<b><u>SHERIFF'S SPECIAL FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	51,000	46,517	(4,483)	45,000	47,039	2,039
Interest	2,100	2,204	104	1,200	2,015	815
Other	0	0	0	0	960	960
Total Receipts	53,100	48,721	(4,379)	46,200	50,014	3,814
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	0	386	(386)	0	1,613	(1,613)
Office expense:	12,000	11,506	494	0	19,771	(19,771)
Vehicle purchases/leasing	56,147	32,147	24,000	58,000	34,447	23,553
Total Disbursements	68,147	44,039	24,108	58,000	55,831	2,169
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,047)	4,682	19,729	(11,800)	(5,817)	5,983
CASH, JANUARY 1	23,543	23,543	0	29,360	29,360	0
CASH, DECEMBER 31	8,496	28,225	19,729	17,560	23,543	5,983
<b><u>COUNTY JAIL PROJECT FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	836,233	824,872	(11,361)	700,000	803,233	103,233
Charges for service:	0	123,245	123,245	0	0	0
Interest	25,000	22,996	(2,004)	6,000	28,491	22,491
Other	1,000	20,479	19,479	0	1,538	1,538
Transfers in	530,000	299,000	(231,000)	0	0	0
Total Receipts	1,392,233	1,290,592	(101,641)	706,000	833,262	127,262
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	572,897	575,408	(2,511)	0	202,921	(202,921)
Office supplies:	26,000	49,200	(23,200)	0	12,290	(12,290)
Medical costs:	33,000	47,744	(14,744)	0	9,461	(9,461)
Insurance	54,632	50,315	4,317	0	13,120	(13,120)
Jail	233,638	249,866	(16,228)	0	43,945	(43,945)
Vehicle expense:	10,700	14,153	(3,453)	0	6,286	(6,286)
Debt service	410,000	427,845	(17,845)	410,000	408,891	1,109
Other	0	840	(840)	0	0	0
Total Disbursements	1,340,867	1,415,371	(74,504)	410,000	696,914	(286,914)
RECEIPTS OVER (UNDER) DISBURSEMENTS	51,366	(124,779)	(176,145)	296,000	136,348	(159,652)
CASH, JANUARY 1	434,959	434,959	0	298,611	298,611	0
CASH, DECEMBER 31	486,325	310,180	(176,145)	594,611	434,959	(159,652)

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>COUNTY JAIL BOND PROJECT FUND</b>						
<b>RECEIPTS</b>						
Interest	10	13	3	11	12	1
Total Receipts	10	13	3	11	12	1
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	13	3	11	12	1
CASH, JANUARY 1	204	204	0	192	192	0
CASH, DECEMBER 31	214	217	3	203	204	1
<b>EMERGENCY 911 FUND</b>						
<b>RECEIPTS</b>						
Sales taxes	429,521	412,316	(17,205)	396,000	408,227	12,227
Interest	1,807	1,479	(328)	600	1,951	1,351
Other	3,481	1,966	(1,515)	3,206	2,333	(873)
Total Receipts	434,809	415,761	(19,048)	399,806	412,511	12,705
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	236,640	231,358	5,282	218,412	241,211	(22,799)
Office expense:	11,645	5,291	6,354	8,070	7,863	207
Rent	5,775	5,293	482	5,775	6,256	(481)
Program expense	134,387	172,172	(37,785)	130,037	114,954	15,083
Insurance	32,300	20,525	11,775	21,600	28,921	(7,321)
Other	12,054	5,356	6,698	14,725	3,243	11,482
Total Disbursements	432,801	439,995	(7,194)	398,619	402,448	(3,829)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,008	(24,234)	(26,242)	1,187	10,063	8,876
CASH, JANUARY 1	222,322	224,549	2,227	214,529	214,486	(43)
CASH, DECEMBER 31	224,330	200,315	(24,015)	215,716	224,549	8,833
<b>SENIOR CITIZENS' SERVICES FUND</b>						
<b>RECEIPTS</b>						
Property taxes	94,000	97,046	3,046	90,000	93,036	3,036
Interest	540	419	(121)	900	531	(369)
Total Receipts	94,540	97,465	2,925	90,900	93,567	2,667
<b>DISBURSEMENTS</b>						
Office expense:	0	725	(725)	0	678	(678)
Payments for senior service	90,000	96,500	(6,500)	80,000	104,675	(24,675)
Total Disbursements	90,000	97,225	(7,225)	80,000	105,353	(25,353)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,540	240	(4,300)	10,900	(11,786)	(22,686)
CASH, JANUARY 1	31,226	31,226	0	43,012	43,012	0
CASH, DECEMBER 31	35,766	31,466	(4,300)	53,912	31,226	(22,686)

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECORDS FOR TECHNOLOGY FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	8,000	7,935	(65)	10,000	8,764	(1,236)
Interest	400	1,037	637	100	924	824
Total Receipts	8,400	8,972	572	10,100	9,688	(412)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	5,300	14,500	(9,200)	1,000	1,507	(507)
Total Disbursements	5,300	14,500	(9,200)	1,000	1,507	(507)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,100	(5,528)	(8,628)	9,100	8,181	(919)
CASH, JANUARY 1	19,893	19,893	0	11,712	11,712	0
CASH, DECEMBER 31	22,993	14,365	(8,628)	20,812	19,893	(919)
<b>ELECTION SERVICE FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	15,000	15,000	0	0	0
Charges for service:	1,209	0	(1,209)	1,000	0	(1,000)
Interest	4	122	118	20	4	(16)
Total Receipts	1,213	15,122	13,909	1,020	4	(1,016)
<b>DISBURSEMENTS</b>						
Election supplies	1,000	0	1,000	1,000	0	1,000
Total Disbursements	1,000	0	1,000	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	213	15,122	14,909	20	4	(16)
CASH, JANUARY 1	15	15	0	11	11	0
CASH, DECEMBER 31	228	15,137	14,909	31	15	(16)
<b>HOMELAND SECURITY GRANT FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	406	406			
Total Receipts	0	406	406			
<b>DISBURSEMENTS</b>						
Office expense:	500	906	(406)			
Total Disbursements	500	906	(406)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0			
CASH, JANUARY 1	500	500	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

CRAWFORD COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HANDICAP FUND</b>						
<b>RECEIPTS</b>						
Interest				0	438	438
Total Receipts				<u>0</u>	<u>438</u>	<u>438</u>
<b>DISBURSEMENTS</b>						
Payment to sheltered worksho				0	438	(438)
Total Disbursements				<u>0</u>	<u>438</u>	<u>(438)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31		\$		<u>0</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CRAWFORD COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Senior Citizens' Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Project 2001-PF-13 Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003
Inmate Security Fund	2004

Law Enforcement Restitution Fund	2004
Sheriff's Revolving Fund	2004
Homeland Security Grant Fund	2003
Missouri Department of Conservation Fund	2003

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2004 and 2003
County Jail Project Fund	2004 and 2003
Emergency 911 Fund	2004 and 2003
Senior Citizens' Services Fund	2004 and 2003
Records for Technology Fund	2004 and 2003
Courthouse and Jail Capital Improvement Fund	2004
Law Enforcement Equipment Fund	2004
Homeland Security Grant Fund	2004
Prosecuting Attorney Training Fund	2003
Handicap Fund	2003

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Project 2001-PF-13 Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Tax Maintenance Fund	2004 and 2003

In addition, for the Emergency 911 Fund and the Senior Citizens' Services Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance, by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the Board's custodial bank in the Board's name.

The Senior Citizens' Services Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2004, Crawford County collected \$18,620 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Crawford County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustments

The Senior Citizens' Services Fund's cash balance at January 1, 2003, as previously stated has been increased by \$43,012 to reflect monies held by the Board that were not reported previously.

The Circuit Clerk's Interest Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$256 to agree to the cash balance of the Circuit Clerk.

The Associate Circuit Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$587 to reflect monies held by the Associate Circuit Court that were not reported previously.

The Tax Maintenance Fund's cash balance of \$2,364 at January 1, 2003, was not previously reported but has been added.

Supplementary Schedule

Schedule

CRAWFORD COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5127W ERS045-4127W ERS045-3127W	\$ 72,442	67,422
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	94,783	111,080
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State Program	2001-PF-13	1,390	15,449
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003-LBG-019	8,757	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-028(5)	0	107,038
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,768	1,886
39.011	Election Reform Payment:	N/A	1,275	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants:	FEMA-1412-DR-MO	0	64,681
		FEMA-1463-DR-MO	0	7,775
	Program Total		<u>0</u>	<u>72,456</u>
83.562	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	5,700	300
83.564	Community Emergency Response Team	N/A	406	948

Schedule

CRAWFORD COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	N/A PGA064-3127A	28,876 0	17,950 1,250
	Program Total		<u>28,876</u>	<u>19,200</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022009 DH030180001	5,691 0	0 9,700
	Program Total		<u>5,691</u>	<u>9,700</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	86,968	83,460
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-5127C PGA067-4127C PGA067-3127C PGA067-5220S	2,145 365	1,600 0
	Program Total		<u>2,510</u>	<u>1,600</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50019 ERS161-46620 ERS161-30022	2,589	3,446
93.994	Maternal and Child Health Services Block Grant to the States	N/A ERS175-3016F ERS146-4127M ERS146-3127M	853 0 21,721	1,013 1,706 20,867
	Program Total		<u>22,574</u>	<u>23,586</u>
	Total Expenditures of Federal Award:		<u>\$ 335,729</u>	<u>517,571</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

CRAWFORD COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Crawford County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Crawford County, Missouri

Compliance

We have audited the compliance of Crawford County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Crawford County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

### Internal Control Over Compliance

The management of Crawford County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 04-2, to be a material weakness.

This report is intended for the information and use of the management of Crawford County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

June 9, 2005 (fieldwork completion date)

Schedule

CRAWFORD COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2004 AND 2003

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?   x   yes        no
- Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements noted?   x   yes        no

Federal Awards

Internal control over major programs:

- Material weakness identified?   x   yes        no
- Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
20.205	Highway Planning and Construction
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      x   no

## Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**04-1.**

### Overspending Budgets

The County Commission and other applicable officials did not adequately monitor budget and actual disbursements, and as a result, actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2004	2003
Prosecuting Attorney Bad Check	\$ 12,963	8,987
Prosecuting Attorney Training	N/A	1,235
Courthouse and Jail Capital Improvement	84,729	N/A
Law Enforcement Equipment	8,016	N/A
County Jail Project	74,504	286,914
Records for Technology	9,200	507
Homeland Security Grant	406	N/A
Handicap	N/A	438

While budget to actual data is generated by the County Clerk's office monthly, it appears that the applicable officials responsible for the county funds in which overspending occurred are not reviewing the budget to actual reports and may not be aware of the legal restrictions established by the budgetary process.

The 2003 County Jail Project Fund included budgeted disbursements of only \$410,000 for debt service payments. After completion of the new county jail in August 2003, all financial activity relating to the operation of the county jail was recorded in the County Jail Project Fund; however the budget was not amended to include disbursements made for items other than debt service. Also, when preparing the 2004 County Jail Project Fund budget, the county included estimates for all disbursements but did not prepare a budget amendment when actual disbursements exceeded budgeted amounts.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public

hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

**WE RECOMMEND** the County Commission refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated they intend to amend budgets when necessary in the future. In addition, they will work with other county officials to ensure budgets are not overspent.*

**Section III - Federal Award Findings and Questioned Costs**

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>04-2.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-028(5)
Award Year:	2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement

Pass-Through Entity  
Identifying Number: Not applicable  
Award Years: 2004 and 2003  
Questioned Costs: Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. Total federal expenditures were understated by \$70,598 and overstated by approximately \$508,922 for the years ended December 31, 2004 and 2003, respectively. Expenditures relating to several federal grants were reported incorrectly or not included on the schedules. For example, in 2003 the Highway Planning and Construction Program was overstated by \$485,344 because the County Clerk included the actual reimbursement received by the county in January 2003; however, the expenditures had been paid by the county in 2002 and included on the county's 2002 audited SEFA. In addition, expenditures for the Schools and Roads – Grants to States Program totaling \$205,863 for the two years ended December 31, 2004, were omitted from the SEFA. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

This condition was noted in our prior report.

**WE AGAIN RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk indicated she will try to prepare a more complete and accurate schedule of expenditures of federal awards. The County Clerk and the County Commission will check with other county officials to ensure all federal awards are identified.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

CRAWFORD COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Crawford County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2002.

02-1. Segregation of Duties

Segregation of duties were not adequate.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Implemented. The County Treasurer is responsible for receipting and bank reconciliation procedures while the County Clerk's office is responsible for disbursement procedures. To provide oversight, the County Clerk's office also maintains receipt records which are reconciled to the County Treasurer's receipt records. In addition, the County Treasurer maintains disbursement records and prepares bank reconciliations which are reconciled to the County Clerk's disbursement records.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

CRAWFORD COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

CRAWFORD COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005. We also have audited the compliance of Crawford County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 9, 2005.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2004, 2003, and 2002.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Crawford County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**1.**

**Financial Condition and Tax Anticipation Notes**

Monitoring of the General Revenue Fund's financial condition is still needed and tax anticipation notes are not being repaid in one year as required by state law.

- A. The General Revenue Fund's cash balance has increased from \$30,114 at December 31, 2002 to \$181,126 at December 31, 2004. However, tax anticipation notes totaling \$162,437 were still payable at December 31, 2004, as the county is trying to maintain an adequate reserve to subsidize the County Jail Project Fund if necessary.

One reason for the improvement in the county's financial position is due in part, to a one-half of one percent sales tax approved by the voters in April 2001 which has provided additional funding for the construction and operation of a new county jail. This sales tax and the costs for operating the county jail are accounted for in the County Jail Project Fund, and the General Revenue Fund has not had to subsidize jail operations as much as initially planned. For example, during 2004, transfers to the County Jail Project Fund from the General Revenue Fund were \$231,000 less than budgeted.

While the county is optimistic regarding the future financial condition of the General Revenue Fund, officials need to ensure they closely monitor the financial activity of both the General Revenue Fund and the County Jail Project Fund. Jail operations for 2004 exceeded budgeted amounts by \$74,504, as discussed in finding number 04-1. Therefore, while the General Revenue Fund may have additional monies available at the present time, the new jail is also costing more than estimated.

As a result of the General Revenue Fund providing less funding for jail operations, monies have been available to decrease the county's outstanding debt. For example, the 2004 General Revenue Fund budgeted paying \$54,000 in principal and interest payments of outstanding tax anticipation notes but actual payments totaled \$96,780. However, the county did not believe sufficient cash was available at December 31, 2004, to both pay off the county's tax anticipation note and still maintain an adequate cash balance to cover county operations. During 2005, the county paid off the outstanding tax anticipation notes payable, however officials have indicated it may be necessary to borrow monies through tax anticipation notes in the future.

To continue improving the financial condition of the county's General Revenue Fund, the County Commission should review expenditures and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, continue to monitor the costs of the new county jail, and attempt to maximize all revenues in consideration of the General Revenue Fund's financial condition. The County Commission should continue to monitor the activity of the General Revenue Fund and the County Jail Project Fund to ensure sufficient monies are available to fund county operations, to build cash reserves, and to minimize the need for tax anticipation notes.

- B. Tax anticipation notes are not being repaid within one year of issuance. The county has not had the funds to completely pay off the tax anticipation notes in one year, rather, the notes have just been extended for longer time periods.

For example, in July 2004, the first principal payment was made on a \$200,000 tax anticipation note originally issued in February 2001 for the General Revenue Fund. While \$162,437 was still outstanding on this note at December 31, 2004, the county was able to pay off the tax anticipation note during 2005. In addition, a tax anticipation note for \$91,980 was issued for the Sheriff's Special Fund in November 2002 to purchase vehicles for the Sheriff's department, and allows for six semiannual payments of principal and interest, with the final payment of \$16,074 due in December 2005.

Section 50.070, RSMo, provides that tax anticipation notes are to be payable in one year or less from the date of issuance out of current county revenues to be derived from taxes or other revenues of the county of the year in which said notes are issued.

**WE RECOMMEND** the County Commission:

- A. Continue to monitor the activity of the General Revenue Fund and the County Jail Project Fund to ensure sufficient monies are available to fund county operations, to build cash reserves, and to minimize the need for tax anticipation notes. In addition, the County Commission should continue to consider the various alternatives of increasing revenues and/or reducing expenditures. Also, the County Commission needs to review discretionary expenditures and evaluate management practices to more efficiently use the resources available to the county.
- B. Refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue the pay off of outstanding notes payable.

## **AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. Have been trying to improve the financial condition of the General Revenue Fund and the County Jail Project Fund and will continue to monitor the financial condition of these funds. In addition, they will consider various alternatives, if necessary, to reduce expenditures or increase revenues and will ensure resources are used efficiently.*
- B. Were paying off other debt, including outstanding jail board bills due to other counties, prior to paying off the tax anticipation notes, but all debt for the General Revenue Fund has now been paid off. In the future they will refrain from issuing tax anticipation notes that cannot be paid within one year, and they are continuing to pay off the outstanding notes payable for the Sheriff's Special Fund.*

<b>2. County Expenditures</b>
-------------------------------

Professional appraisals were not obtained prior to real estate purchases, bids were not always solicited or advertised, some expenditures do not appear to be prudent uses of county funds, and adequate supporting documentation was not always obtained and reviewed for some expenditures.

- A. Professional appraisals were not obtained prior to real estate purchases of \$45,000 and \$125,000. County officials stated a former real estate agent was consulted and indicated that the purchases would be good buys for the county; however, such discussions were not documented. On May 14, 2004, the county paid \$45,000 for the purchase of land across from the courthouse to be used for additional parking space. On December 30, 2004 and April 6, 2005, the county paid \$62,500, totaling \$125,000, for the purchase of a building next to the courthouse to be used for additional office space.

According to the County Assessor's office, the appraised values of the land and the building prior to the county's purchase were only \$18,800 and \$76,700, respectively. Records of the County Assessor's office indicated the land had been revalued in 2000 and the building had been revalued in 2001. The disparity between these amounts and the actual amounts paid demonstrates the benefit of independent appraisals to help establish the market value for real estate purchases.

- B. Bids were not always solicited or advertised by the county. For example, bids could not be provided to support the purchase of Sheriff's department vehicles costing \$91,980.

In addition, the minutes did not adequately document bid information such as reasons for accepting a bid other than the lowest bid. For example, the county accepted a bid

of \$99,500 for a road and bridge shed but did not document why lower bids which ranged from \$90,401 to \$99,340 were not accepted. When discussing this issue with county officials, they indicated the decision to accept the higher bid was based on work quality and the decision to use a local company, however such justification and discussion regarding the bids had not been documented in the county commission meeting minutes.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at minimum, a listing of vendors from whom bids were requested, a copy of the request or proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- C. Our review identified two expenditures that do not appear to be prudent uses of county funds. Three hundred mugs costing \$807 were purchased to promote the new county jail and 13 meals costing \$228 were purchased for an awards banquet with a local planning commission. Although a handwritten note on the invoice supporting the purchase of the mugs indicated that the County Commission viewed this as an unnecessary expense, the invoice was still paid by the county. The 13 meals were provided to two county employees, two county employees' spouses, two award recipients, and seven individuals who are either family or friends of the award recipients. The County Commission should ensure that funds are only spent on items which are necessary and beneficial to county residents.
- D. Adequate supporting documentation was not always obtained and reviewed by the County Commission for some expenditures.
  - 1) The county purchased four motorgraders totaling \$392,908 through a lease purchase agreement; however, adequate documentation to support the total cost of the lease purchase as well as documentation for the payment amounts could not be located.

- 2) A summary statement was used to authorize payment for a brush cutter totaling \$16,550; however, detailed invoices to support the charges on the summary statement were not obtained.

Without obtaining and properly reviewing adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures.

Conditions A and B were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Ensure independent appraisals are obtained for all future real estate purchases.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- C. Ensure all expenditures are reasonable and necessary and prudent uses of public funds.
- D. Ensure adequate supporting documentation is obtained for all expenditures.

**AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. Will consider obtaining independent appraisals for all future real estate purchases. In addition, they will better document in the County Commission meeting minutes justification for purchases and purchase costs.*
- B. Have always tried to obtain bids for all purchases and will continue to do so. They will ensure better documentation of bids and purchases is maintained in the future.*
- C. Will review all expenditures to ensure they are reasonable, necessary, and prudent uses of public funds, and will refuse payment of some expenditures if necessary.*
- D. Will ensure better documentation is obtained for all future expenditures.*

<b>3. Budgetary Practices and Financial Statements</b>
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Formal budgets were not prepared for various county funds and published financial statements did not include financial activity of some funds. In addition, expenditures were approved in excess of available monies for the Prosecuting Attorney Bad Check Fund.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2004 and 2003. Some of the unbudgeted funds were new, while other funds were held outside the county treasury and no budgets were obtained or prepared for these funds. The County Clerk indicated she requests a budget from the officials holding funds outside the county treasury but a budget is not provided. Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.
- B. The county's annual published financial statements did not include financial activity of some funds as required. Section 50.800, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. In addition, for the Emergency 911 Fund and the Senior Citizens' Services Fund, the published financial statements showed only the amounts passed through the County Treasurer. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

This condition was noted in our prior report.

- C. Expenditures in excess of available monies in the Prosecuting Attorney Bad Check Fund resulted in a deficit fund balance of \$1,658 at December 31, 2004. The County Clerk indicated the Prosecuting Attorney is given monthly budget to actual reports for monitoring actual expenditures to budgeted amounts. In addition, the Prosecuting Attorney is notified by the County Clerk and the County Treasurer when the fund balance is at a deficit.

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "No county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..." The County Commission and other officials should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. And the Prosecuting Attorney ensure expenditures are not incurred in excess of available monies.

**AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. *Will ensure budgets are prepared or obtained for all county funds and will request budgets from other county officials. If the information is not provided, the situation will be documented in the County Commission meeting minutes.*
- B. *Will request financial information to be included in the published financial statements. If the information is not provided, the situation will be documented in the County Commission meeting minutes.*
- C. *Will ensure expenditures are not incurred in excess of available monies.*

*The Prosecuting Attorney indicated:*

- C. *This will not happen again.*

<b>4. Property Tax Reduction Due to Sales Tax</b>
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General revenue property tax revenues have not been sufficiently reduced by 50 percent of sales tax revenues as provided in the ballot issue passed by Crawford County voters under the provisions of Section 67.505, RSMo.

Following are the calculations of the property tax roll back and sales tax collections for the four years ended December 31, 2004, and excess property taxes of prior years:

	Year Ended December 31,			
	2004	2003	2002	2001
ACTUAL SALES				
TAX REVENUES	\$ 898,232	888,970	848,957	834,434
Voter-approved reduction rate	X 50%	50%	50%	50%
Required property tax reduction	449,116	444,485	424,479	417,217
Assessed Valuation	206,184,627	199,588,824	195,621,143	186,583,518
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X 0.2200	0.2228	0.2200	0.2272
Actual property tax revenue reduction	453,606	444,684	430,367	423,918
REDUCED PROPERTY TAX REVENUES COLLECTED	(4,490)	(199)	(5,888)	(6,701)
Excess property tax revenue collections from prior years	23,110	23,309	29,197	35,898
NET EXCESS	\$ 18,620	23,110	23,309	29,197

For 2001 through 2004, the County Clerk increased her estimate of property taxes collected by either \$5,000 or \$10,000 to offset the net excess indicated in the prior audit. While this adjustment has helped to reduce the prior excess amount noted, the resulting effect has not been as much as estimated due to actual sales tax collections and actual assessed valuations exceeding estimated amounts and such differences not being considered by the County Clerk. No calculations based on actual amounts are performed by the County Clerk. Because the estimated amounts were understated when compared to actual amounts, the county would have continued to collect excess property tax revenues if the County Clerk had not made the adjustments for excess amounts from prior years. Additional reductions will need to be made in future years to the property tax levy to fully adjust for the \$18,620 excess property taxes collected in prior years.

Section 67.505.3, RSMo, provides budgeted property taxes are to be reduced by voter-approved percentages of sales tax revenue. This section also provides for actual sales tax revenue of the preceding year that is over or under that year's estimated sales tax revenue to be reflected in the subsequent year's property tax revenues roll back calculation.

This condition was noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission ensure appropriate adjustments are made to the levy in the future to reflect excess property taxes collected in prior years.

## **AUDITEE'S RESPONSE**

*The County Commission indicated they concur and will continue to make appropriate adjustments to reduce the amount of excess property taxes collected in prior years.*

### **5. Officials' Salaries, Bonding, and Payroll Procedures**

Concerns were noted regarding elected officials' salaries including salary commission minutes not clearly explaining all actions of the salary commission, the County Assessor received a mid-term salary increase, and no documentation from legal counsel supporting the Public Administrator's salary. Also, the County Treasurer's school bond obtained to secure school monies was not in effect the full time the County Treasurer had custody of the school monies. In addition, weaknesses in payroll procedures included errors in calculations of hours worked and leave balances of Sheriff's department employees, and not reporting uniform allowances received by the Sheriff's department employees on employees' W-2 forms.

- A. The salary commission minutes did not always clearly explain the actions of the salary commission and the decisions made. For example, minutes of the meeting held in 2003 appear to indicate that a vote was taken but it is unclear as to what issue the vote pertained to. Future salary commission minutes should clearly document all decisions regarding salary issues.
- B. The County Assessor received a raise, effective January 1, 2001, based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, states the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Assessor received the salary increase prior to his date of incumbency which is September 1. The county should review this situation and consider obtaining reimbursement of \$1,063 in overpayments.
- C. There was no documentation from legal counsel supporting whether the Public Administrator should receive the salary amount provided by state law or if a percentage of the amount is allowable. The Public Administrator, who started a new term in January 2001, elected to be placed on salary rather than a fee basis. Section 473.742, RSMo, provides a salary scale based on the average number of open letters in the two years preceding the term when the salary is elected. The Public Administrator's salary was set at 90 percent of this amount to correspond with the percentage of the maximum salaries provided by state law paid to other officials for their respective offices.

Without a documented legal opinion, it is not clear whether the amount paid to the Public Administrator is in accordance with state law.

- D. The County Treasurer did not properly evaluate when to obtain a school bond. For example, the County Treasurer's school bond of \$1.2 million was effective from November through January. However, approximately \$4 million in school monies received from the County Collector were still in the County Treasurer's account for a few days in February. As a result, the school bond obtained by the County Treasurer had expired before these school monies had been disbursed to the applicable school districts.

Section 54.160, RSMo, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies that come into her hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding her election. The County Treasurer should ensure the school bond obtained to secure school monies is effective during the time period in which collections of school monies are highest to ensure school funds are adequately secured.

- E. For the Sheriff's department overtime/compensatory time, errors were noted in calculations of total hours worked and leave balances.

Timesheets and records of compensatory, vacation, personal, and holiday leave earned (used) are not always accurate. Timesheets prepared are reviewed and approved by the Sheriff. A work schedule is then prepared by the Sheriff for each employee to document the number of hours worked and any leave earned (used) during the period. However, no reconciliations between the work schedules and supporting timesheets are performed to ensure hours worked are correctly calculated. Our review of timesheets prepared for two law enforcement employees noted the following:

- When comparing employee timesheets with the work schedules prepared by the Sheriff, we noted total hours did not agree. Adjustments were made to one employee's timesheet to decrease the number of hours worked; however, no explanation was provided as to the reason for the adjustments. In addition, for both timesheets reviewed, some hours worked were omitted from the Sheriff's work schedule.
- Compensatory, vacation, personal, and holiday leave balances are calculated based on the Sheriff's work schedule. As a result of the discrepancies discussed above between employee timesheets and Sheriff's work schedules, compensatory time and leave balances may not be correct. For example, compensatory time is calculated based on the number of hours worked during the 28 day period. Because some hours worked appear to have been omitted from the Sheriff's work schedule, compensatory time balances may not be accurate. No review of the Sheriff's work schedules and employee timesheets has been conducted to determine if additional compensatory time or leave is due to the employees.

To ensure employees are receiving leave benefits as allowed by law and the county's personnel policy, payroll and leave records should be reviewed for accuracy and a comparison of work schedules with supporting timesheets should be performed. Timesheets and accumulated leave balances should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct and employees receive the proper amount of leave. Work schedules and employee timesheets should be reviewed to determine if additional compensatory time or leave is due to Sheriff's department employees.

- F. Uniform allowances of \$300 are paid to Sheriff's department employees on an annual basis. These allowances totaled approximately \$14,500 and \$7,500 for the years ended December 31, 2004 and 2003, respectively. Employees are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual uniform expenses as they are incurred.

**WE RECOMMEND** the County Commission:

- A. Ensure all salary commission minutes clearly document all decisions made.
- B. Review this situation and consider obtaining repayment of the salary overpayments.
- C. Consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.
- D. And the County Treasurer ensure the school bond covers the period when the County Treasurer actually has the school monies.
- E. And the Sheriff ensure all timesheet and leave records are reviewed for consistency and mathematical accuracy, including an independent reconciliation between work schedules and supporting timesheets. Also, work schedules and employee timesheets should be reviewed to determine if additional compensatory time or leave is due to Sheriff's department employees.
- F. Require the Sheriff's department employees to submit reports of uniform expenses or report these allowances as other income on the employees' W-2 forms.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. They concur and will do a better job of documenting decisions made by the salary commission.*
- B. They will discuss this issue with the County Assessor and will seek reimbursement.*
- C. They will discuss this issue with the Prosecuting Attorney and will request a written legal opinion.*
- D. They will check with the County Treasurer to ensure the school bond covers the period when school monies are received and disbursed.*
- E. The Sheriff has changed procedures to ensure the calculations are correct and are being reviewed; therefore, they will not review past calculations, but will ensure all future calculations are correct.*
- F. They will discuss this with the Sheriff to determine if the uniform expenses will be reported by the employees or included on the employees' W-2 forms.*

*The County Treasurer indicated she:*

- D. Will talk to the bonding agency on what she should do if she needs to extend her bond coverage. It is possible that December monies will be turned over more timely so that this will no longer be an issue.*

*The Sheriff indicated:*

- E. Procedures have been implemented to ensure timesheets are calculated correctly and are reviewed for accuracy. A new timesheet is being developed which will provide more detail as to hours worked and leave balances earned and used. He will discuss with the County Commission reviewing previous timesheets and work schedules to determine if adjustments in compensatory time or leave balances are necessary.*

<b>6. General Capital Assets and Vehicle Procedures</b>
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The county's records and procedures relating to general capital assets and vehicles are not adequate.

- A. The county has not established a written policy related to the handling and accounting for general capital assets. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county*

property. In addition, Section 49.093, RSMo, provides that the officer or their designee is responsible for performing periodic inventories and inspections.

Currently, the County Clerk maintains all records of capital assets held by county officials. These records consist of computerized spreadsheets which include the description, serial number, date of purchase, cost, and location of the asset. Capital asset purchases are to be identified by the County Clerk's office through the accounts payable process or through notifications from other county officials. Our review of the general capital asset records indicated the following areas where improvements are needed:

- No documentation was maintained to support that annual physical inventories had been conducted on all county owned property.
- The capital asset records do not always include complete information applicable to the item. Information such as serial number, purchase price, and purchase date were not recorded for some items reviewed. In addition, the date and means of disposition were not recorded for assets no longer owned by the county. For example a digital camera costing \$1,117 was purchased by Nursing Services. This camera was added to the capital asset records, however, the purchase date and total purchase cost was not recorded.
- Additions are not always properly tagged and recorded in the property records as they occur, and purchases of capital assets per the disbursement records are not reconciled to additions per the property records. During our review of equipment purchases, we noted five of ten items were not recorded on the capital asset records. These items were purchases of Road and Bridge Department equipment items totaling over \$455,000 and included three motorgraders, one brush cutter, and one single drum roller.
- Written authorization for property disposals is not consistently obtained from the County Commission.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the county needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the capital asset records. These procedures should ensure the method of disposal (e.g., bids, public sale, etc.) allows

for participation by the public and provides the best price for the county. Besides providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

- B. The Road and Bridge Department does not maintain vehicle usage logs for any of their vehicles to document how the vehicles are used. According to the county's current property insurance records, the county owns 22 vehicles that are used for road and bridge purposes. Without adequate vehicle usage logs, the county cannot effectively monitor the cost of operating and maintaining the vehicles or ensure that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, and the employee utilizing the vehicle, as well as fuel and maintenance costs for each vehicle.

Similar conditions were noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Establish a written policy related to the handling and accounting for general capital assets. In addition to providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, annual physical inventories of all county property should be performed, and all items should be tagged or identified as county owned property.
- B. Require usage logs be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They will develop a written policy regarding the handling and disposition of general capital assets. In addition, they will ensure annual physical inventories are performed and all items are tagged and recorded on the capital asset records.*
- B. *All Road and Bridge employees are assigned to a specific vehicle and each employee's timesheet records destination of where the employee worked. Therefore, they believe the current procedures are adequate.*

Discrepancies totaling \$1,304 were noted between receipts and amounts transmitted to the County Treasurer. Receipt slips are not obtained from the County Treasurer when transmitting monies and a reconciliation between receipt slips written and amounts recorded in the receipt ledger is not preformed. Receipt slips were not issued for some monies received, some receipt slips were not posted to the receipts ledger, and monies were not transmitted to the County Treasurer intact. Accounting duties are not adequately segregated and no documented supervisory review is performed for all-terrain vehicles (ATV) monies. Receipts are not transmitted to the County Treasurer in a timely manner, checks are not restrictively endorsed immediately upon receipt, and no inventory records are maintained for plat books.

The County Clerk's office accepts cash and checks for payment of various fees, including notary fees, plat books, ATV permits, and other miscellaneous receipts, and then transmits the fees to the County Treasurer. Fees collected by the County Clerk's office during the years ended December 31, 2004 and 2003 totaled approximately \$11,700 and \$10,900, respectively.

- A. When collecting monies for notary fees, plat books, and other miscellaneous receipts, the County Clerk's office procedures are to issue a receipt slip and then record the fees in a receipts ledger. Monthly collection amounts totaled from the receipts ledger are transmitted to the County Treasurer. Discrepancies noted in the records identified concerns regarding the proper safeguarding of county assets from loss, theft, or misuse as \$1,304 in receipts were not transmitted to the County Treasurer.
- 1) Receipts totaling \$1,179 for April 2004 could not be identified with a transmittal to the County Treasurer. When determining the transmittal to the County Treasurer, the County Clerk apparently totals the receipts ledger for the month, and takes cash and checks from the cash box equal to the receipts ledger total. These monies are placed in an envelope and transmitted to the County Treasurer, however, a receipt slip is not obtained at that point or even when one has been written by the County Treasurer. The County Clerk indicated these monies were transmitted to the County Treasurer, but the County Treasurer has no record of receipt.
  - 2) A reconciliation between receipt slips written and amounts recorded in the receipts ledger was not performed. Receipt slips totaling \$187 were not recorded in the receipts ledger and receipt slips were not written for some other receipts that were recorded in the receipts ledger. Since the County Clerk uses the receipts ledger to determine the amount of monies to be transmitted to the County Treasurer, receipt slips that were not recorded in the receipts ledger would appear to be missing.

- 3) Monies received are not transmitted to the County Treasurer intact. Often, checks received in one month were not transmitted with that month's transmittal. As noted above, when transmitting monies to the County Treasurer, the County Clerk takes cash and checks from the cash box equal to the receipts ledger total. The County Clerk does not ensure that the checks taken from the cash box were those collected and recorded during the month for which the transmittal is being prepared. For example, the March 2004 transmittal (prepared in May) included a check received from the County Collector in April.

Also, for September 2004, the total monies transmitted exceeded recorded receipts by \$202 and included checks received in April. As noted above in Part A1, the County Treasurer had no record of receiving monies from the County Clerk for April 2004. The County Clerk indicated that when the transmittal for September was made, she ensured all monies on hand were transmitted. She does not know why there were extra monies available or how the April 2004 checks were available for the September transmittal.

In addition, monies are not transmitted intact as personal checks are cashed by the County Clerk and her employees, and when performing a cash count a \$20 IOU from an employee was noted. Also, the cash/check composition of receipts is not reconciled to the cash/check composition of the transmittal to the County Treasurer. Receipt slips were not written for \$140 transmitted to the County Treasurer and these receipts were not recorded in the receipts ledger. Given how the County Clerk prepared the transmittals, these monies were substituted for other recorded receipts not transmitted.

As a result of control weaknesses in the County Clerk's office procedures, monies could not be accounted for, including \$1,179 in receipts the County Treasurer has no record of receiving, \$187 in receipts not recorded in the receipts ledger, and \$140 in unrecorded receipts. However, one transmittal was \$202 more than recorded receipts which reduces the total monies unaccounted for to \$1,304.

All payments made to the County Clerk's office are accountable fees and should be remitted to the county treasury. To provide assurance all monies received have been properly transmitted to the County Treasurer, prenumbered receipt slips should be issued for all monies received, receipts should be promptly posted to the receipts ledger, all receipts should be transmitted intact, and the composition of monies received should be reconciled to the composition of monies transmitted to the County Treasurer. The County Clerk should also obtain a receipt slip from the County Treasurer at the time of the transmittal. In addition, the County Clerk should discontinue the practices of cashing personal checks for employees and allowing employees to borrow monies from the cash receipts.

- B. The duties of receiving, recording, and transmitting monies relating to ATV receipts are not adequately segregated. One employee is primarily responsible for each of these duties and there is no independent review of the ATV records and the monies transmitted. The County Clerk's office collected \$1,940 and \$1,350 in ATV receipts for the years ended December 31, 2004 and 2003, respectively.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and transmitting receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. Receipts are not transmitted to the County Treasurer on a timely basis and checks are not restrictively endorsed immediately upon receipt. For fees, plat books, and other miscellaneous receipts, the County Clerk's office transmitted monies to the County Treasurer on 9 different dates in 2004 and on 11 different dates in 2003. On several of these dates, receipts collected during two or three months were transmitted at one time. For example, the receipts collected during September, October, and November 2004 were not transmitted to the County Treasurer until December 2, 2004. For ATV permits, we noted receipts were transmitted to the County Treasurer six times during 2004 and three times during 2003. Additionally, the endorsement on checks received is applied at the time the monies are turned over to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be transmitted daily or when accumulated receipts exceed \$100 and checks should be restrictively endorsed immediately upon receipt.

- D. Inventory records are not maintained to account for plat books. The county purchased 900 plat books at an approximate cost of \$22 each during the two years ended December 31, 2004. These plat books were to be sold for \$25. According to County Clerk records, 587 plat books were sold and 55 plat books were given away. There were 205 plat books on hand, resulting in 53 plat books unaccounted for.

A log of plat books given away is maintained. However, this log was misplaced for several months during 2004 and the County Clerk indicated some plat books may have been given away during this time period, but were not recorded on the log.

To ensure all monies collected are accounted for adequately, the County Clerk should reconcile the number of plat books on hand to the total number of plat books sold or given away. Any differences should be investigated.

**WE RECOMMEND** the County Clerk:

- A. Establish adequate controls to properly safeguard county revenue from loss, theft, or misuse. Issue prenumbered receipt slips for all monies received, post all receipts to

the receipts ledger, reconcile receipt slips to the receipts ledger, and reconcile the cash/check composition of receipts to the cash/check composition of the transmittal to the County Treasurer. Transmit all monies intact and obtain a receipt slip from the County Treasurer at the time of transmittal. Discontinue the practices of allowing employees to cash personal checks and borrow monies from the cash receipts. In addition, action should be taken to recover the missing receipts.

- B. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- C. Transmit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse all checks immediately upon receipt.
- D. Maintain adequate and complete records of the number of plat books sold, given away, or used by the county, and periodically reconcile the number of plat books reported on the inventory to the number of plat books on hand.

### **AUDITEE'S RESPONSE**

*The County Clerk indicated she:*

- A. *Has implemented some of these already and will implement the other recommendations. She will also discuss this situation with the Prosecuting Attorney.*
- B. *Will incorporate the ATV records into the other records. By doing this, duties will be segregated and monitored.*
- C. *Will transmit monies more frequently and at least weekly if accumulated receipts exceed \$100. In addition, checks will be restrictively endorsed immediately upon receipt.*
- D. *Will do a better job of maintaining plat book records. She will take an inventory of plat books and periodically reconcile the plat book records to the inventory.*

<b>8. Prosecuting Attorney's Accounting Controls and Procedures</b>
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Bad check fees and restitution payments are not always processed in a timely manner. In addition, monthly listings of open items are not prepared and checks have been outstanding for a considerable length of time.

The Prosecuting Attorney's office collected fees and restitution on bad checks totaling approximately \$134,600 and \$141,600 during the years ended December 31, 2004 and 2003, respectively.

- A. Bad check fees and restitution payments are not always processed in a timely manner.

- 1) Bad check fees are not always disbursed to the County Treasurer in a timely manner. These fees are deposited by the Prosecuting Attorney's office and are generally disbursed to the County Treasurer on a monthly basis. However, instances were noted when bad check fees for two months were disbursed to the County Treasurer at one time. For example, fees totaling \$2,566 for November and December 2003 were not disbursed to the County Treasurer until January 15, 2004.
- 2) Bad check restitution payments are not transmitted to the merchants in a timely manner. Restitution is generally paid by money orders which are not deposited, and instead are held by the Prosecuting Attorney's office until the following month when the payments are forwarded to the merchants. While the Prosecuting Attorney's office indicated bad check restitution payments are generally transmitted to the merchant on a monthly basis, some restitution was not forwarded until two months after being received. For example, monies received on December 31, 2003 were not transmitted to the merchant until February 11, 2004.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, bad check fees and restitution should be processed in a timely manner. This includes disbursing fees to the County Treasurer monthly and transmitting restitution payments to merchants as monies are received.

B. Monthly bank reconciliations are prepared; however, procedures can be improved as follows.

- 1) Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. While the bank balance is reconciled to the checkbook balance, there is no assurance that the checkbook balance is accurate since no listing of open items is prepared.

At December 31, 2004, the reconciled bank balance was \$2,947 and December bad check fees to be disbursed to the County Treasurer totaled \$1,255 resulting in unidentified monies of \$1,692. The unidentified balance may also include some bad check restitution payments due to merchants. We requested an open items listing be prepared; however, the Prosecuting Attorney's office indicated they had never prepared such a listing. In addition, the Prosecuting Attorney's office indicated there has always been an unidentified balance in the bank account but they do not know the exact amount of this balance.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

Further, the Prosecuting Attorney should attempt to determine the reasons for this difference and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- 2) The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, eleven checks totaling \$294 were over one year old. Four of these checks totaling approximately \$9 have been outstanding for at least eight years.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Disburse fees to the County Treasurer monthly and establish procedures to ensure bad check restitution payments are transmitted to merchants in a timely manner.
- B.1. Prepare monthly listings of open items and reconcile the listing to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
  2. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *He concurs and fees and restitution payments will be processed more timely.*
- B.1. *This will be done every month from now on. Any unidentified monies will be turned over to Unclaimed Property.*
  2. *Within 60 days, old outstanding checks will be reissued if the payees can be located. If the payees cannot be located, the monies will be turned over to Unclaimed Property.*

**9.****Sheriff's Accounting Controls and Procedures**

Checks have been outstanding for a considerable length of time, and no procedures are performed to monitor or follow up on past due paper service fees.

The Sheriff's department collected various criminal and civil fees, bonds, gun permits, and reimbursements for boarding and transporting prisoners totaling approximately \$311,700 and \$145,000 for the years ended December 31, 2004 and 2003, respectively.

- A. The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, nine checks totaling \$377 were over one year old. Eight of these checks were issued between 1997 and 2001.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- B. The Sheriff's department frequently serves papers for courts, attorneys, and individuals relating to civil cases. The Sheriff's department collects fees and mileage reimbursements in return for serving papers. For civil paper service fees not received prior to delivery of the papers or during instances when additional costs are incurred, the Sheriff's department will bill the entity once the papers have been served. However, no procedures are performed to monitor outstanding or to follow up on past due paper service fees. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

**WE RECOMMEND** the Sheriff:

- A. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- B. Establish adequate procedures to monitor and collect unpaid paper service fees.

## **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *Procedures are being developed to follow up on old outstanding checks. If the payees cannot be located, the monies will be distributed in accordance with statutory provisions.*
- B. *Procedures have been developed to monitor unpaid paper service fees and he is in the process of billing and collecting on unpaid paper service fees.*

<b>10. Sheriff's Commissary Accounting Controls and Procedures</b>
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Accounting duties are not adequately segregated, the method of payment is not identified on all receipt slips, and receipts are not deposited in a timely manner. Bank reconciliations are not adequate as a running balance in the checkbook register is not maintained and monthly listings of open items are not prepared. In addition, checks have been outstanding for a considerable time.

The Sheriff maintains a commissary account for the receipt and disbursement of inmates' money and the purchase of commissary items. Deposits to this account totaled approximately \$74,600 and \$52,300 for the years ended December 31, 2004 and 2003, respectively. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system. Any remaining monies are paid to the inmate upon release.

- A. Accounting duties are not adequately segregated. The duties of depositing, disbursing monies, and reconciling the monthly bank statement are performed by the office manager. There is no documentation that an independent review of deposits and accounting records is performed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits, and an independent review of bank reconciliations.

- B. Controls over the receipting and depositing of inmate monies received have not been established. Our review identified the following concerns:
  - 1) While prenumbered receipt slips are generally issued for all monies received from (or for) inmates, the method of payment (i.e., cash, check, or money order) is not consistently indicated on all receipt slips. By not indicating

method of payment, the cash/check composition of receipts cannot be reconciled to the cash/check composition of deposits.

- 2) Receipts are not deposited in a timely manner. For example, receipts totaling \$1,467 collected between June 14 and June 20, 2004, were not deposited until June 22, 2004 even though one receipt for \$805 was received on June 14, 2004.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to ensure all receipts are properly handled, the method of payment should be indicated on each receipt slip, the composition of receipts should be reconciled to the composition of deposits, and deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Adequate monthly bank reconciliations are not being performed on the commissary bank account. Although a monthly reconciled bank balance is determined; no cumulative cash balance exists and no listing of open items is prepared to be reconciled to the bank balance. Monthly bank reconciliation procedures can be improved as follows.

- 1) A running balance in the checkbook register is not maintained. In addition, no report of the cash balance is generated from the computer system which could be reconciled to the cash balance in the bank account.

Without maintaining a cumulative book balance or a checkbook register balance, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- 2) Monthly listings of open items (liabilities) are not reconciled to cash balances. The reconciled bank balance should agree to the total of the individual inmate balances; however, such a reconciliation is not performed. At our request, a report of inmate balances was generated from the commissary computer system as of February 28, 2005 which identified liabilities of \$6,347. However, the reconciled bank balance was \$8,388 for an overage of \$2,041.

Discrepancies between liabilities and cash balance may also occur due to commissary balances not being refunded upon inmate releases. As a result, some commissary accounts remain active and continue to be liabilities even though the inmates are no longer in the county jail.

Monthly reconciliations of liabilities and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in

agreement with the accounting records and to detect and correct errors on a timely basis.

In addition, an attempt should be made to locate any inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. Also, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- 3) The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2004, 163 checks totaling \$933 were over one year old and 81 of these checks were less than \$1.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B.1. Ensure the method of payment is indicated on all receipt slips and reconcile the cash/check composition of receipts to the cash/check composition of deposits.
  2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C.1. Maintain a cumulative book balance and reconcile the book balance to the bank balance on a monthly basis.
  2. Prepare and reconcile a listing of liabilities, including individual inmate balances, to the reconciled bank balance on a monthly basis. In addition, establish procedures to ensure released inmates receive the balance of their commissary account and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
  3. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

## **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *Duties have now been segregated and he is also reviewing the monthly bank statements.*
- B.1. *Employees have been reminded to indicate the method of payment on all receipt slips and the composition of receipts is being reconciled to the composition of deposits.*
  - 2. *Deposits are now being made approximately two to three times a week.*
- C.1. *He is attempting to maintain a cumulative book balance to reconcile to the monthly bank balance and reports are being generated from the computer system to help with this process.*
  - 2. *A monthly listing of inmate balances is now being generated and reconciled to the bank balance. Procedures have been established to ensure released inmates receive their commissary balance and procedures have also been established to follow up on unclaimed inmate balances.*
  - 3. *Procedures are being developed to follow up on old outstanding checks. If the payees cannot be located, the monies will be distributed in accordance with statutory provisions.*

<b>11. Nursing Service's Accounting Controls and Procedures</b>
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Receipt slips are not always issued for monies received, the method of payment is not always correctly indicated, and receipts are not transmitted to the County Treasurer in a timely manner.

The Nursing Service collected monies from various state and federal grants, totaling approximately \$189,000 and \$194,600, as well as miscellaneous fees and donations totaling approximately \$45,200 and \$48,400 for the years ended December 31, 2004 and 2003, respectively.

- A. Receipt slips are not always issued for miscellaneous monies received. During our cash count on March 17, 2005, we noted monies on hand totaling \$10 for which receipt slips had not been issued. Additionally, the receipt slips issued do not always indicate the correct method of payment. As a result, the Nursing Service cannot reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to ensure all receipts are properly handled, prenumbered receipt slips should be issued for all monies received, the method of payment should be accurately recorded

on all receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals.

- B. Receipts are not transmitted to the County Treasurer in a timely manner. Receipts are transmitted approximately once per week. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds and to provide assurance that all receipts are properly transmitted, receipts should be transmitted on a daily basis or when accumulated receipts exceed \$100.

**WE RECOMMEND** the Nursing Service:

- A. Issue prenumbered receipt slips for all monies received, indicate the correct method of payment on all receipt slips, and reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.

**AUDITEE'S RESPONSE**

*The Nursing Service Administrator indicated:*

- A. *Receipt slips are being issued for all monies received and the method of payment is being indicated on each receipt slip. The composition of receipts per the nursing service records is being reconciled with the County Treasurer's records and any composition differences will be documented.*
- B. *She agrees and will try to transmit monies more frequently.*

<b>12. Emergency 911 Board's Accounting Controls and Procedures</b>
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Actual disbursements exceeded budgeted amounts and financial statements were not published for the years ended December 31, 2004 and 2003. In addition, written authorization was not maintained to support the current position and pay for employees and capital asset records were not maintained.

The Emergency 911 (E911) Board collected sales tax revenue, interest monies, and miscellaneous revenue totaling approximately \$415,800 and \$412,500 for the years ended December 31, 2004 and 2003, respectively.

- A. Actual disbursements exceeded budgeted amounts by \$7,194 and \$3,829 for the years ended December 31, 2004 and 2003, respectively. Overspending appears to have occurred due to program expenses and salary expenses being higher than anticipated. The Board's Executive Director indicated that he periodically compares budget to

actual expenditures and also indicated the Board periodically reviews the budget. However, no budget amendments were prepared when the Board realized that anticipated actual expenditures would exceed budgeted amounts.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954) that strict compliance with county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

This condition was noted in our prior report.

- B. Annual financial statements were not published for the years ended December 31, 2004 and 2003. Although the financial statements published by the County Clerk's office included some activity of the Emergency 911 Fund, this activity was only the amounts passed through the County Treasurer and did not identify any of the disbursements made by the Board.

Sections 50.800 and 50.810, RSMo, require annual financial statements to be published for all county funds. To adequately inform the citizens of the board's financial activities, the board should publish annual financial statements of the Emergency 911 Fund.

- C. Written authorization for employee salary and wage rate changes is not maintained. In addition, written documentation of each employee's current position is not maintained. Although board meeting minutes included discussion and approval of pay raises, changes in salary and wage rates made for each employee are not documented.

Good internal controls require proper documentation be maintained to support the compensation paid to all employees as well as any changes made to employee position and compensation levels. Such documentation could include a listing of personnel with current salary and wage amounts. This listing could be included in board meeting minutes or employee personnel files and should be updated as changes are made to salary and wage amounts.

- D. General capital asset records are not maintained nor are physical inventories performed to account for all property owned by the board. General capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed

description of the assets including the name, make and model numbers, and asset identification number, the physical location of the assets, and the date and method of disposition of the assets when disposed of. In addition, general capital asset purchases should be periodically reconciled to general capital asset additions. Performing this reconciliation would ensure all purchases have been added to capital asset records.

Complete and accurate general capital asset records are necessary to ensure better internal control over board assets and provide a basis for determining proper insurance coverage. Physical inventories are necessary to ensure the general capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags when affixed to general capital assets, allow for identification of the items in the records, and limit the potential for personal use of board assets.

**WE RECOMMEND** the E911 Board:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B. Publish annual financial statements of the Emergency 911 Fund in accordance with state law.
- C. Ensure written authorization is maintained to support the salary or wages paid to each employee as well as any changes made. In addition, written documentation of each employee's current position should be included in the employee's personnel file or board meeting minutes.
- D. Establish property records for all capital assets and require annual physical inventories of the capital assets. The board should require additions to the capital asset list to be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of Crawford County 911" are attached to board property and equipment.

**AUDITEE'S RESPONSE**

*The E911 Director indicated:*

- A. *He concurs and will prepare a budget amendment if disbursements are anticipated to be in excess of budgeted amounts. In addition, the E911 Board meeting minutes will include documentation of when amendments are needed.*
- B. *He concurs and will publish the next year's financial statements.*

- C. *He will try to develop documentation for each employee's salary or wages and any changes made. In addition, he will maintain documentation of each employee's current position in a personnel file or the E911 Board meeting minutes.*
- D. *He has obtained property tags and is looking into a computer program to record the capital assets. Within the next month, he hopes to have all assets tagged and recorded.*

<b>13. Senior Citizens' Services Board's Accounting Controls and Procedures</b>
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Actual disbursements exceeded budgeted amounts and financial statements were not published for the years ended December 31, 2004 and 2003.

The Senior Citizens' Services Board receives approximately \$95,000 annually from a property tax levy. The tax receipts are used to fund programs for senior citizens.

- A. Actual disbursements exceeded budgeted amounts by \$7,225 and \$25,353 for the years ended December 31, 2004 and 2003, respectively. According to the Board Chairperson, budget amounts are set at the beginning of the year before requests for funds are received from various entities. As a result, the budgeted disbursement amount may not be sufficient in comparison to actual requests for funds received during the year. In addition, it appears the Board Chairperson did not realize the budget needed to be amended if the budgeted amount was exceeded. The Board should consider amending the budget when actual requests exceed budget amounts or consider not approving all requests when approving these requests would cause disbursements to be in excess of budgeted amounts.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954) that strict compliance with county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Annual financial statements were not published for the years ended December 31, 2004 and 2003. Although the financial statements published by the County Clerk's office included some activity of the Senior Citizens' Services Fund, this activity was only the amounts passed through the County Treasurer and did not identify any of the disbursements made by the Board.

Sections 50.800 and 50.810, RSMo, require annual financial statements to be published for all county funds. To adequately inform the citizens of the board's financial activities, the board should publish annual financial statements of the Senior Citizens' Services Fund.

**WE RECOMMEND** the Senior Citizens' Services Board:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B. Publish annual financial statements of the Senior Citizens' Services Fund in accordance with state law.

**AUDITEE'S RESPONSE**

*The Senior Citizens' Services Board Chairperson indicated:*

- A. *The board did not include beginning cash on hand when determining the budgeted expenditure amount. Approved expenditures did not exceed available cash on hand. Future budgets will be prepared according to the recommendations of the State Auditor's office.*
- B. *While publication costs are expensive and the board tries to ensure all funds are used for the benefit of the senior citizens, the board will ensure financial information is published.*

**14.**

**Circuit Clerk's Missing Monies**

In October 2003, the Presiding Circuit Judge of the Forty-Second Judicial Circuit contacted the State Auditor's office for assistance in determining shortages of monies in the Circuit Clerk's office. Karen McPeters, Circuit Clerk and Ex-officio Recorder of Deeds, was suspended from her position, with pay, on October 24, 2003.

Upon the request of the Presiding Circuit Judge, the State Auditor's office reviewed various cases of the Circuit Court that were brought to our attention by the Missouri State Highway Patrol and employees of the Circuit Clerk's office. Other records and procedures were also reviewed to determine if any other monies were unaccounted for. In a letter issued to the Presiding Circuit Judge in March 2004, the State Auditor's office identified \$9,934 in unaccounted for monies. In addition, several concerns relating to internal controls were noted which required corrective action.

Following investigation by the Missouri State Highway Patrol, criminal charges were filed. On May 27, 2005, Karen McPeters pleaded guilty to five felony and two misdemeanor charges of stealing. She was given a suspended sentence of five years on each count, placed on probation, and ordered to pay \$10,830 to the county. Pursuant to Section 561.021.2,

RSMo, Karen McPeters is ineligible to hold public office until completion of her sentence or term of probation. Deborah Walls continued as Acting Circuit Clerk and Ex-officio Recorder of Deeds until Rhonda Jurgens was appointed as Circuit Clerk and Ex-officio Recorder of Deeds and sworn into office effective July 13, 2005.

The internal control concerns discussed in the March 2004 letter, included inadequate segregation of duties, inadequate procedures relating to manual receipt slips and petty cash fund monies, not reconciling all liabilities to cash balances, and not maintaining or monitoring a listing of accrued costs. During this audit, we noted some improvements have been made in the operations of the Circuit Clerk's office. Corrective action has been taken to improve some of the concerns noted above, and other procedures are in the process of being implemented to address internal control weaknesses.

**15. County Collector's Missing Monies**

Weaknesses in the internal control and recordkeeping procedures of the County Collector's office allowed missing monies of approximately \$335,000 to go undetected.

The missing monies went undetected due to a lack of segregation and oversight as the County Collector was responsible for most receipting, disbursing, and reconciling duties. Information regarding these missing monies has been shared with law enforcement authorities. On July 7, 2005, Daniel Gladden resigned his position as County Collector. Sheila Ringeisen was appointed the County Collector and sworn into office effective July 25, 2005.

In July 2005, the State Auditor's office issued audit report No. 2005-49, *County Collector, Crawford County, Missouri*. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P. O. Box 869, Jefferson City, MO 65102-0869.) This audit report discussed the missing monies and included several recommendations regarding improvements in the internal control and recordkeeping procedures of the County Collector's office.

**16. Senate Bill 40 Board's Missing Monies**

The Crawford County Board for People with Developmental Disabilities is Crawford County's Senate Bill 40 Board. Senate Bill 40 boards are authorized to administer locally generated property tax revenues to provide services for handicapped individuals. The Senate Bill 40 Board received approximately \$194,300 and \$187,900 in property taxes for the years ended June 30, 2004 and 2003, respectively.

The Senate Bill 40 Board is audited annually by an independent auditor. The audit report for the year ended June 30, 2002 reported losses from theft occurred over a seven-month period

during the fiscal year. According to the independent auditor's management letter issued to the Senate Bill 40 Board, 39 unauthorized checks totaling \$10,082 were made payable to the bookkeeper. Entries into the accounting software were then changed to indicate the payments had been made to various vendors as opposed to the bookkeeper. The audit report indicated the theft was discovered and controls were adopted to prevent future occurrences.

Criminal charges were filed against the employee that committed the theft. The employee was given a sentence of three years probation and ordered to pay restitution. The audit report for the year ended June 30, 2004 indicated restitution has been received.

## Follow-Up on Prior Audit Findings

CRAWFORD COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Crawford County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Procedures

- A.1. Bids were not always solicited, nor was bid documentation always retained. One purchase was made at a higher price from a vendor other than the county's contracted vendor.
- 2. The County Commission paid an additional \$8,000 for a paving project which was not awarded to the low bidder.
- B. The county did not obtain an independent appraisal for two separate land purchases. No documentation was maintained of the selection process used to identify other available pieces of property which might have met the county's needs.
- C. Reimbursement of \$5,055 had not been received due to a discrepancy with an invoice that was not investigated and resolved in a timely manner.
- D. The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues. The county's net excess property tax revenues collected as of December 31, 2000, were \$35,898.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification of bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure justification of the selection process is thoroughly documented and an independent appraisal is obtained for future land purchases.
- C. Ensure procedures are in place to monitor reimbursements due to the County and investigate and resolve reimbursements not received on a timely basis.

- D. Ensure appropriate adjustments are made to the levy in the future to reflect excess property taxes collected in prior years.

Status:

A&B. Not implemented. See MAR finding number 2.

C. Not implemented. While no problems were noted with reimbursements requested and received for the two years ended December 31, 2004, the county has not resolved the \$5,055 reimbursement noted in the prior audit. The county is in the process of reviewing this reimbursement and has been in contact with the Missouri Department of Transportation for assistance; however, no resolution has been reached. Although not repeated in the current report, our recommendation remains as stated above.

D. Not implemented. See MAR finding number 4.

2. Salaries and Fringe Benefits

A. The Associate County Commissioners were each given salary increases totaling approximately \$10,000 that were not allowable based on a Missouri Supreme Court decision.

B. The county had no written policy allowing the use of county vehicles for commuting purposes by the road and bridge employees and no usage logs were required to comply with IRS guidelines.

Recommendation:

The County Commission:

A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

B. Comply with IRS guidelines for the reporting of fringe benefits relating to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding appropriate use of county vehicles for commuting purposes.

Status:

A. Not implemented. The County Commission has indicated it will only request repayment of the salary overpayments if a legal opinion is received requiring repayment. However, no such opinion has been requested and no action has taken place on this matter. Although not repeated in the current report, the county should

develop a plan for obtaining repayment for the salary overpayments made to the Associate County Commissioners.

- B. Not implemented. The road and bridge districts' foremen are allowed to use county vehicles for commuting purposes as they are on-call 24 hours a day; the road and bridge mechanic no longer uses a county vehicle for commuting purposes. If the County Commission believes the road and bridge districts' foremen should be exempt from taxable fringe benefits due to the 24 hour on-call status, this decision should be adequately documented in the county commission minutes. Although not repeated in the current report, our recommendation remains as stated above. For county vehicles used by Road and Bridge Department employees, no written policy has been developed and no records are maintained regarding the use of the county vehicles by these employees. See MAR finding number 6.

3. Financial Reporting

- A. The financial statement for the year ended December 31, 1999 was not published until January 17, 2001.
- B. The published financial statements did not include the activity of some county funds and only the amounts passed through the County Treasurer were reported for some county funds.
- C. The county did not have procedures in place to adequately track federal awards for preparation of the SEFA.

Recommendation:

The County Commission:

- A. Publish financial statements timely as required by state law.
- B. Ensure information for all county funds is properly included in the annual published financial statements.
- C. Ensure that the County Clerk prepares a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 3.

C. Not implemented. See finding number 04-2.

4. Fixed Assets

A. Additions were not added to fixed asset records as they occurred and the County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records.

B. The county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 6.

5. Property Tax System

A. The County Clerk did not maintain an account book with the County Collector and the County Clerk and the County Commission had not verified the County Collector's annual settlements since the County Collector had not filed an annual settlement for the three years ending February 28, 2001.

B. There was no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.

C. Passwords and other procedures were not in place to limit access to the various property tax data files and programs utilized by the County Assessor and County Collector.

Recommendation:

A. The County Clerk appropriately maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.

B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.

- C. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

- A. Not implemented. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- B. Partially implemented. While the County Commission and County Clerk are not agreeing approved addition and abatement orders with related changes made to the property tax data, additional controls have been established such as the County Collector's office no longer having the ability to make changes to the property tax system. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

6. County Collector's Accounting Controls and Procedures

- A. The County Collector had not prepared or filed annual settlements for the years ended February 28(29), 2001, 2000, and 1999, with the County Commission.
- B.1. The County Collector did not reconcile monies collected to paid tax receipts, daily abstracted report of collections or deposits in the bank account.
  - 2. The County Collector did not perform adequate monthly reconciliations between the amounts in his bank account, various liabilities, and other reconciling items.
- C. The County Collector did not deposit receipts intact. The change fund was not maintained at a set amount, some cash receipts were used to make small refunds, and some tax bills were credited with full payment even when the amount received was a few dollars less than the amount due.
- D. The County Collector did not maintain documentation that he formally solicited proposals for his banking services and did not have a written agreement with his bank. In addition, the County Collector only received approximately a 2.25 percent interest rate on his monies while the county received approximately a 5.61 percent interest rate on their monies from their depository bank.

Recommendation:

The County Collector:

- A. File annual settlements annually as required by statute.

- B. Reconcile daily cash collections and the daily report of collections from the computer system to the paid tax receipts and the deposits into the bank account. In addition, the Collector should reconcile the amounts in his bank account to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and explained on the reconciliations.
- C. Deposit all monies received intact daily. If a change fund is needed, it should be maintained at an established amount. In addition, the practice of using receipts to make cash refunds should be discontinued.
- D. Periodically solicit proposals for banking services to ensure service charges and interest earnings are competitive and enter into a written agreement with his bank.

Status:

- A. Partially implemented. Although annual settlements were filed annually as required by statute, the annual settlements were not accurate. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- B. Not implemented. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 1 and 2).
- C. Partially implemented. The change fund is maintained at an established amount. However, deposits are not made intact and cash refunds are still being given. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2).
- D. Partially implemented. Proposals for bank services are solicited by the County Commission. Based on the county's solicitation, the County Collector accepted the proposal of a different depository bank. However, the County Collector does not have a written depository agreement with his depository bank. See the audit report on the County Collector, Crawford County, Missouri, (report number 2005-49, MAR finding number 2). In addition, while service charges appear comparable, the County Collector is not receiving a competitive interest rate. Although not repeated in the audit report on the County Collector, Crawford County, Missouri, our recommendation remains as stated above.

7. Nursing Service Accounting Controls and Procedures

- A. Receipt slips were not always prenumbered and were not issued for some monies received. Additionally, the receipt slips issued did not indicate the method of payment and checks and money orders were not restrictively endorsed until transmittals were prepared.

- B. Receipts were not transmitted to the County Treasurer on a timely basis.
- C. Summary records were not maintained to track the amounts billed to the Department of Health and the subsequent amounts received. Also, records pertaining to program expenditures and related reimbursements were not maintained in an organized fashion.

Recommendation:

The Nursing Service:

- A. Issue prenumbered receipt slips for all monies received, include the method of payment on all receipt slips, reconcile the composition of receipt slips to the composition of transmittals to the County Treasurer and restrictively endorse all checks and money orders immediately upon receipt.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- C. Retain records in an organized manner and develop summary records to track the amounts billed and reimbursements received.

Status:

- A. Partially implemented. While checks and money orders are now restrictively endorsed immediately upon receipt, receipt slips are not issued for all monies received, the method of payment is not correctly indicated on all receipt slips, and the composition of receipt slips is not reconciled to the composition of transmittals to the County Treasurer. See MAR finding number 11.
- B. Not implemented. See MAR finding number 11.
- C. Implemented.

8. E911

- A. Actual expenditures exceeded budgeted amounts during the years ended December 31, 2000 and 1999 by approximately \$8,400 and \$36,500, respectively.
- B. Several inaccuracies were noted in the actual information presented for 2000 and 1999 and the budgets were not mathematically accurate. The budgets also did not include all projected receipts. In addition, the actual revenue category amounts were not accurate and did not agree between the 1999 and 2000 budgets.

Recommendation:

The E911 Board:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and budgets properly amended and filed with the County Clerk and the State Auditor's Office.
- B. Ensure that complete and accurate budgets that reflect all actual and anticipated revenues and expenditures are prepared.

Status:

- A. Not implemented. See MAR finding number 12.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

CRAWFORD COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1829, the county of Crawford was named after William H. Crawford, a Georgia statesman. Crawford County is a county-organized, third-class county and is part of the 42nd Judicial Circuit. The county seat is Steelville.

Crawford County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 600 miles of county roads and approximately 40 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 18,300 in 1980 and 22,804 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	135.6	127.9	124.8	120.6	61.4	30.8
Personal property		52.5	53.9	52.6	48.6	13.5	6.7
Railroad and utilities		18.1	17.8	18.2	17.4	6.3	6.1
Total	\$	206.2	199.6	195.6	186.6	81.2	43.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Crawford County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0825	.0793	.0821	.0749
Special Road and Bridge Fund		.2146	.2143	.2143	.2143
Senior Citizens' Services Fund		.0487	.0486	.0486	.0486
Senate Bill 40 Board Fund		.0974	.0973	.0973	.0973

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 63,648	61,751	58,659	56,342
General Revenue Fund	197,437	185,832	181,275	162,523
Special Road and Bridge Fund	455,685	442,476	420,682	405,223
Assessment Fund	121,809	97,265	90,671	87,984
Senate Bill 40 Board Fund	200,172	194,663	184,932	178,498
Senior Citizens' Services Fund	99,709	97,164	91,058	86,647
School districts	7,301,661	7,073,293	6,563,480	6,294,735
Library district	191,276	186,146	176,467	170,656
Ambulance districts	558,279	538,831	508,780	492,890
Fire protection districts	323,838	299,297	289,581	273,460
Junior College	270,907	279,062	265,674	250,090
Hospital	25,550	24,815	24,599	23,585
Cities	79,530	70,768	30,334	28,306
County Clerk	2,575	2,657	2,128	2,918
Tax Maintenance Fund	32,104	30,501	14,020	0
County Employees' Retirement	78,185	75,002	63,047	64,086
Commissions and fees:				
General Revenue Fund	179,961	171,129	157,274	151,758
Total	\$ 10,182,326	9,830,652	9,122,661	8,729,701

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	89.4	89.5	88.4	89.7	%
Personal property	88.0	86.9	86.9	86.7	
Railroad and utilities	100.0	100.0	97.7	98.7	

Crawford County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	50	%
Emergency 911	.0025	None	None	
Capital improvements	.0050	2009	None	
Jail construction and operation	.0050	*	None	

\* .0025 will expire in 2021

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Ed Worley, Presiding Commissioner		27,144	27,144		
Art Hughes, Presiding Commissioner				27,144	26,354
Neil Swyers, Associate Commissioner		25,084	25,084	25,084	24,354
Ed Mitchell, Associate Commissioner		25,084	25,084	25,084	24,354
Connie Smith, County Clerk		38,007	38,007	38,007	36,900
Sid Pearson, Prosecuting Attorney (1)		96,000	96,000	45,423	44,100
Albert Englebrecht, Jr., Sheriff		41,715	41,715	41,715	40,500
Lucille Giles, County Treasurer		28,125	28,125	28,125	27,306
Paul K. Hutson, County Coroner		15,026	12,600	12,051	11,700
Lois Dicus, Public Administrator		38,007	38,007	38,007	36,900
Daniel W. Gladden, County Collector, year ended February 28 (29),	38,156	38,004	38,027	37,543	
Kerry Summers Sr., County Assessor (2), year ended August 31,		38,758	38,885	38,562	37,218
Mark Mueller, County Surveyor (3)					

(1) Effective January 1, 2003, the Prosecuting Attorney became a full-time position.

(2) Includes \$751, \$878, \$900, and \$900, respectively, in annual compensation received from the state.

(3) Compensation on a fee basis.

#### State-Paid Officials:

Deborah Walls, Circuit Clerk and Ex Officio Recorder of Deeds		47,850	7,531		
Karen McPeters, Circuit Clerk and Ex Officio Recorder of Deeds (4)		47,850	47,300	47,300	47,300
J. Kent Howald, Associate Circuit Judge		96,000	96,000	96,000	96,000

(4) Suspended from position with pay on October 24, 2003 pending completion of criminal investigation which occurred when a guilty plea was entered on May 27, 2005.

Leasehold Revenue Bonds dated 2001 and 2002 were issued in the original amount of \$4,535,000 and \$725,000, respectively, for the purpose of constructing a new jail. Bond principal is due annually on November 1 for both sets of Bonds. Interest is due semi annually on May 1 and November 1 for both sets of Bonds. At December 31, 2004, Crawford County had \$4,080,000 for the 2001 Bonds and \$680,000 for the 2002 Bonds outstanding.

A General Revenue Fund tax anticipation note, originally \$200,000 as of 2001, had \$162,437 outstanding as of December 31, 2004.

A Sheriff's Special Fund tax anticipation note, originally \$91,980 as of 2002, had \$31,525 outstanding as of December 31, 2004.